

To: lenl@aol.com
From: brewster@wais.com (Brewster Kahle)
Subject: Questions on the Letter from AOL
Cc: amorgan@wsgr.com, cyounger@wsgr.com
Bcc:
X-Attachments:

Len,

Thank you for the draft. The holidays have made it hard to talk with the lawyers. To keep the ball rolling, I am sending you my comments to them rather than a new version. Allen Morgan is free next week to help.

I have a concern that this deal will take more time than it is worth.

Please feel free to call: 415-826-2855.

I suggest that you read this over and give feedback if we are on track or not. I will continue to talk with Bruce Gilliat and Allen Morgan.

-brewster

1A. Change "principle" to "which will include"

People: Bruce Gilliat, Tom Ajaybi, Marion Esanu, XXX.

Bruce Gilliat is needed to make this company a plausible success. Otherwise it will be a straight ramp-down liability-- in which case I suggest setting up a JV is alot of effort: must be something easier.

1B. Brewster could invest enough to pay Tom and Marion's salary and expenses to complete the maintenance obligations for the 34%, lets say \$150k. If more needs to be invested, new stock would be issued and money raised from somewhere. What are the issues on Employee options going to me if I am an employee?

1C. This was not brought up in discussions, so it is new to this draft. Why would AOL need a board member if they are not interested in this business? If needed would like to name the initial board member: Options: XXX, Mike Connors, Ted Leonsis.

The board seat would persist until AOL owned less than 20% of the issued shares and options, or the board member did not attend board meetings regularly.

1D. Only listed WAISserver support and maintenance contracts. Newco would assume all revenues not received before: 12/22/1995. Issues of service revenue already received for obligations newco will assume (I hear around \$50k). List the royalty agreements we would take over: Fulcrum, Fujitsu, Encyclopaedia Britannica. Need WAIS files and access to those that ran WAIS for information. Need to look at WAIS commitments since acquisition.

2A. Trademark and WAIS name? can the company be called WAIS Inc? wais.com site would transfer over (should be done NOW since medior has declared WAIS dead is decreasing the value every day). Limit right for redistribution through 3rd parties.

3A. Non-compete too restrictive. Mike suggested my not working for specific list of companies. Another way is to have it expire May 1996. All employees going with the company will not be restricted with an AOL non-compete.

4A. Limit consulting services to 1 day/month. How is this different from 4B?

4B. Converted WAIS shares keep vesting unless fired for cause even if company is dissolved (this may be crucial for getting Bruce Gilliat. Bruce wants more, but I think this is fair and he might take it).

5i. necessary? I need help here. reciprocal.

5ii: necessary? I need help here. reciprocal.

5iii: isn't this redundant with 5ii?

Further:

No claims on Escrow.

Drop dead date of Jan 12.